



**Massachusetts
Housing
Partnership**

November 16, 2016

Mr. Michael G. Sullivan, Manager
Equitable Reading Housing LLC
35 Scotland Road
Reading, MA 01867

Re: 172 Woburn Street, Reading, MA (the "Project") - Determination of Project Eligibility -
MHP's Permanent Rental Financing Program - FHA Treasury Risk Share Program

Dear Mr. Sullivan:

This letter is in response to your request for a determination of Project Eligibility under the provisions of the Commonwealth of Massachusetts comprehensive permit process (M.G.L. Chapter 40B, 760 C.M.R. 56, and the Massachusetts Department of Housing and Community Development's Comprehensive Permit Guidelines) (collectively, the "Comprehensive Permit Rules") for the above-referenced Project. The Project, as proposed in your application dated July 20, 2016 shall consist of twenty (20) rental housing units, consisting of nine (9) one-bedroom units, nine (9) two-bedroom units and two (2) three-bedroom units located in a redeveloped existing former schoolhouse at 172 Woburn Street, Reading, Massachusetts on a 45,779 square foot parcel. A total of sixty-six (66) parking spaces will be developed, thirty-five (35) spaces designated for the residential building and thirty-one (31) spaces to be shared with the adjacent church.

In connection with your request, and in accordance with the Comprehensive Permit Rules, MHP has performed an on-site inspection of the Project, and has reviewed initial pro forma and other pertinent information submitted by Reading Equitable Housing, LLC ("Applicant"), and has considered comments received from the Town of Reading.

Based upon our review, we find the following:

- (i) The Project, as proposed, appears generally eligible under the requirements of MHP's Permanent Rental Financing Program - FHA Treasury Risk Share Program (the "Program"), certain terms of which are set forth on Exhibit A, attached hereto, subject to final approval.
- (ii) The site of the proposed Project is generally appropriate for multi-family residential development with a current use of a vacant former school. The location is close to downtown Reading and is walkable to many retail and service needs as well as public transportation.

The Town of Reading's Subsidized Housing Inventory (SHI) is 7.78%. The Town has a Housing Production Plan (HPP) approved in 2013. The HPP identifies the reuse of existing vacant buildings as a strategy for affordable housing production. The Town has four zoning districts that allow multifamily housing at various densities by Special Permit, as well as two 40R districts and three overlay districts.

There are a variety of municipal actions which have increased affordable housing in the Town of Reading in the last six years. These efforts, although

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successful, have not met the need for additional affordable housing as documented in Metropolitan Area Planning Council's (MAPC) www.housing.ma demographics for the Town of Reading. The MAPC data shows that 74.7% of households in the Town of Reading earning between 30% and 50% of area median income, or 646 households, are cost burdened. Therefore, although the actions the Town of Reading has taken have been positive, they do not warrant a conclusion that the site of this proposal is not generally appropriate for residential development.

- (iii) The proposed conceptual Project design is generally appropriate for the site. Residential units in an existing vacant building are acceptable and compatible in an area of single-family homes. The site design proposes to expand the width of the access to accommodate emergency vehicles, provide improved storm water drainage, and increase buffers and screenings to the neighboring homes. The addition of a front porch and residential-sized windows will increase the residential look of the building.

Further design and engineering details should address the following during the comprehensive permit process:

- A landscape plan that: (a) clarifies the location of the existing shrub row along the southeasterly property line to determine whether additional plantings are necessary, considering the purported drain pipe along this edge (the drain pipe should be noted on the existing site plan); (b) details the plan for the northeast corner of the lot; and (c) locates the large trees along the south side on the site plan, indicates species and notes they will remain.
- Confirm through the submission of sufficient drainage calculations that the proposed rain garden at the southeast corner, the infiltration field, and the pervious pavers along the south edge are sufficient in size to accommodate proposed storm water run-off and contain all run-off on-site.
- Provide railing or fencing details to meet anticipated fall protection requirements along the top of the proposed westerly retaining wall.
- Consider providing a pedestrian walkway connection from the existing public-side sidewalk and crosswalk to the new front entry
- Discuss options other than complete removal for the recently constructed site steps connecting the church site to the subject site

MHP expects that the Town of Reading's request for additional information including that relating to management, lighting, fencing and wall details, snow storage and removal, common areas, and accessibility will be addressed through the comprehensive permit process.

- (iv) Based upon comparable rentals and potential competition from other projects, the proposed Project appears financially feasible within the Reading market.
- (v) The Project appears financially feasible on the basis of estimated development and operating costs set forth in the initial pro forma provided by the Applicant and a land value determination consistent with the Comprehensive Permit Rules. In addition, the Project budgets are consistent with the Comprehensive Permit Rules relative to cost examination and limitations on profit and distributions.

- (vi) The Project will be owned by the Applicant and will be subject to MHP's limited dividend requirements. The Applicant meets the general eligibility standards of the Program; and
- (vii) The Applicant controls the site through ownership.

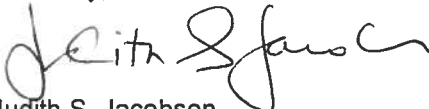
This letter is intended to be a written preliminary determination of Project Eligibility under the Comprehensive Permit Rules, establishing fundability by a subsidizing agency under a low and moderate income housing subsidy program, which qualifies the Project for consideration for a Comprehensive Permit under M.G.L. Chapter 40B.

This preliminary determination of eligibility is subject to final review of eligibility and final approval by MHP, and is expressly limited to the specific Project proposed in the request for determination of Project Eligibility submitted to MHP and subject to the minimum affordability and additional requirements set forth in Exhibit A hereto. The requirements of the Comprehensive Permit must not result in a loan to value ratio exceeding MHP requirements. Changes to the proposed Project, including without limitation, alterations in unit mix, proposed rents, development team, unit design, development costs and/or income restrictions may affect eligibility and final approval. Accordingly, you are encouraged to keep MHP informed of the status and progress of your application for a Comprehensive Permit and any changes to the Project that may affect program eligibility and/or financial projections. In addition, MHP requires that it be notified (1) when the applicant applies to the local ZBA for a comprehensive permit; (2) when the ZBA issues a decision; and (3) when any appeals are filed.

Please note that this preliminary determination of Project Eligibility is not a commitment or guarantee of or by MHP for financing, either expressed or implied, and, in the event that you determine not to apply to MHP for permanent financing and/or in the event that your application for permanent financing with MHP is denied, this letter shall be of no further force and effect. Also, please note that this letter shall be of no force or effect if the applicant has not filed for a Comprehensive Permit within two years of the date of this letter.

Final review and approval under the Comprehensive Permit Rules will be undertaken by MHP only in conjunction with an application to MHP for permanent mortgage financing for the Project. After the issuance of a Comprehensive Permit for the Project, MHP would be pleased to entertain a request for permanent mortgage financing pursuant to and in accordance with MHP's standard underwriting process. At that time, MHP shall require a complete loan application, a copy of the decision of the ZBA and any amendments thereto, a copy of the decision, if any, by the Housing Appeals Committee and revised preliminary plans and designs, if applicable, as well as such additional documents and information as is required as part of the loan underwriting process. Should you have any comments or questions concerning this letter, please do not hesitate to contact Laura Shufelt at 857-317-8552; lsufelt@mhp.net.

Sincerely,



Judith S. Jacobson
Deputy Director & General Counsel

cc: Roberta Rubin, Chief Counsel, Department of Housing and Community Development
John R. Halsey, Chairman, Reading Board of Selectmen
David Traniello, Chairman, Zoning Board of Appeals, Town of Reading
Robert W. LeLacheur, Jr., Town Manager, Town of Reading

EXHIBIT A

**Affordability
Requirements:**

At least four (4) of the units must be affordable to households earning up to fifty percent (50%) of the median area income. Such units shall include two (2) one-bedroom units, one (2) two-bedroom unit and one (1) three-bedroom unit. The affordability requirements will be documented through an affordable housing agreement that will be recorded prior to the mortgage and shall create covenants running with the Property for a minimum period of thirty (30) years. Comprehensive permit requirements may extend the affordability requirements beyond the initial 30-year term.

**Limited
Dividend
Policy:**

The owner must comply with MHP's limited dividend policy.